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MEMORANDUM

DATE: June 7, 2004

TO: Councilmember Larry Gossett, Chair, Budget and Fiscal Management Committee

FROM: Cheryle A. Broom, King County Auditor

SUBJECT: Overview and Summary of Auditor's Oversight of the Integrated Security Project

Per your request, we are providing this overview and summary of our office's oversight of the Integrated Security Project (ISP) at the King County Correctional Facility (KCCF).

In sum, the ISP is progressing toward construction, and a \$2.8 million reduction in operating costs has been achieved. In the course of developing the ISP, an additional option for remodeling and improving the operations of the Intake/Transfer/Release area of the KCCF has also emerged, and has the potential to pay for itself in operational savings.

However, there are still some outstanding questions that we recommend be addressed. They include:

- The levels of staffing needed during the ISP, particularly escorts on unoccupied floors.
- Regional Justice Center (RJC) correctional officer staffing, especially when housing units are double celled.
- Post-Operational Master Plan issues, such as taking advantage of ISP security and technology upgrades to improve operations and achieve efficiencies.

We believe these and other issues can best be addressed through an independent process of testing and evaluation. We recommend the retention of an independent consultant to test and evaluate the escort issue during the ISP, and to develop a plan and criteria for additional testing and evaluation of RJC staffing and the options to be proposed in the Operational Master Plan for jails, due this month. This oversight is intended to monitor ISP progress and suggest operational options as appropriate. However, this process should not inhibit or delay the progress and schedule of the ISP.

Background and History

Since the KCCF opened in the mid-1980s, the electronic security system has experienced numerous problems and failures. In recent years, discussions to replace the system date back to the mid-1990s. In 2002, after resolving several design issues, the executive proposed a new security system for KCCF, which also included upgrades for elevators, jail health facilities, and other parts of the jail. Council expressed concerns over both the capital and operations costs (during construction).

Mandates to the Auditor

A proviso in the operating budget (Ordinance 14517) assigned independent oversight of the ISP to the Auditor's Office. Subsequently, council motion 11696 mandated the development of an Operational Master Plan (OMP) and the ISP to replace the electronic security system at the KCCF. Also, it approved a process whereby the auditor's office and the Office of Management and Budget (OMB) would jointly convene an advisory group (see below) to identify and discuss issues and review development of both projects.

Auditor's Independent Oversight Role

Responding to council interest in knowing more about the reasons behind the rising cost of jail operations, the auditor's office began a special study of jails in 2002. The first phase of this effort concluded that, while jail populations were dropping, cost increases occurred in the areas of jail health care and internal service fund charges. The report made recommendations aimed at improving coordination and accountability in the area of jail health, and called for the development of a strategic business plan for jail health services. This plan has been developed and is in the process of implementation.

A second phase of our office's jail study identified additional areas for jail operational efficiencies, mostly in terms of alternative staffing practices.

In the third phase of study, we are involved in oversight of the ISP and the OMP.

The auditor's office perceives this oversight role as one in which we provide quality assurance and technical assistance to the ISP and the OMP, with an emphasis on efficiency and cost-effectiveness issues. In more specific terms, it means that audit staff analyze:

- Cost data and draft chapters of the OMP,
- ISP design and implementation issues,
- Jail operational practices and proposals, including those to be employed by various parties during the construction phase of the ISP, and
- Alternatives and options for changing the operation of the county's jails in the future.

In addition, we verify cost data, fiscal analyses and any other significant fiscal impacts associated with the ISP and the OMP.

Overview of Advisory Group Framework

The OMP Advisory Group consisted of representatives from the executive, council staff, OMB, the Department of Adult and Juvenile Detention (DAJD), the Facilities Management Division (FMD) of the Department of Executive Services, and the auditor's office. This group acted as a sounding board for the development of the OMP, which will be delivered to council later this month. The group also reviewed several design, cost, and operational implementation issues associated with the ISP.

The auditor's office also participated in the development of the OMP scope of work and the selection of the OMP consultant, Christopher Murray and Associates. In the last several months, we have reviewed and critiqued all drafts of the OMP report. Through our quarterly reports, we have kept the council apprised of the progress and issues of the project.

Summary of ISP Developments

Cost Reductions through DAJD and Other Departments

Analysis by the auditor's office in reviewing and evaluating the implementation costs of the ISP have contributed to a reduction in the original cost estimates by approximately \$2.8 million. The lower estimated costs were achieved by a thorough examination of the costs and the assumptions behind them. Many ideas for reducing costs have been further developed and supported by analysis of the OMP consultant, and some changes have already been implemented by DAJD, such as expanding the double-celling capacity of the RJC. During this process, DAJD, FMD and OMB have worked with the auditor's office to identify further efficiencies.

In addition, our office has raised questions throughout the course of the ISP's development regarding the staffing and operational practices to be employed during the ISP. To date, some of these questions are still outstanding, and we summarize them below.

Design Issues

Over a year ago, we observed that the council and its staff had several questions about the reliability of the design of the ISP and the costs associated with operating the downtown jail during this capital project. As a result, we suggested that an RFP, which solicited a consultant to develop an operational master plan for the county's two jails, also require the consultant (or subconsultants) to evaluate the design, costs, and implementation plan for the ISP.

Christopher Murray and Associates, the OMP consultant, teamed with Online Electric of California to conduct this analysis, which was shared with the OMP Advisory Group. The consultants made three overall findings:

- The basic design of the ISP was sound;
- The design could be enhanced by providing more flexibility for operational improvements and future changes;
- The current system was old and at risk of failing.

Implementation Costs

Bob Thomas, Principal Management Auditor in our office, originally developed an ISP cost model in order to estimate the implementation costs of the ISP, i.e., the operational costs during the construction period. That model identified the main assumptions and cost drivers of ISP implementation and showed potential areas of inefficiencies in the system. An associated model developed by audit staff exhibited the range of costs for housing inmates displaced by this capital project, and showed which options were the most and least efficient from solely a cost standpoint.

Based on that analysis and other work performed by our office in our study of the county's jails, we identified opportunities for potential cost savings at the RJC. While these discussions have occurred primarily within the context of the development of the OMP, they pertain to the ISP because they can affect utilizing the most cost effective housing options for inmates displaced by construction.

The OMP consultant has further developed and refined the auditor's ISP cost model by including additional information such as scheduling and population projections. These enhancements make the model more sensitive to the schedule of the project as well as anticipated fluctuations of the average daily population for the jail system. The auditor's office has critiqued the work of the consultant and validated its accuracy.

Renovation of Intake, Transfer, and Release (ITR)

Since the design of the ISP was developed, DAJD has worked with FMD, Jail Health Services, and other departments to design a renovation of the Intake/Transfer/Release area of the KCCF. In general, this newly proposed remodel would replace the existing areas with an "open office" concept that would improve surveillance and streamline workflow and operations, with a net reduction in staffing.

As a review of this capital proposal was not part of our original oversight, we did not verify the estimated construction costs. We did, however, take advantage of the analytical tools developed as part of the OMP to evaluate the net present value costs of the project, taking into account the estimated capital costs and the projected operational savings resulting from reducing staff. We looked at two options: (1) including the renovation in the ISP, or (2) performing the remodel after the completion of the ISP.

After reviewing the cost data submitted by DAJD and FMD, we agreed with the conclusion that the net reduction of two staffing posts would realize enough operational savings so that the project could pay for itself in about 12 years. Given that the expected useful life of the project is in the range of 15 to 20 years, the payback period of 12 years would be sufficient. We also worked with FMD to clarify that the additional cost of delaying the project until after the completion of the ISP would be in the range of \$800,000 instead of the amount originally assumed.

Outstanding ISP Issues

The auditor's office has some remaining concerns on the ISP which we recommend be resolved, as they may provide opportunities for further efficiencies.

Staffing During ISP

The current ISP implementation plan assumes that many of the KCCF floors will have two officers per floor during construction. This staffing does not appear to be a common practice in jail facilities undergoing a remodeling project.

Since the original estimates of operating (implementation) costs for ISP two years ago, audit staff have questioned the need for the number of correctional officers assigned to the loading dock or as escorts, particularly on unoccupied floors during construction. These assignments reportedly result from insurance and safety concerns expressed by Turner Construction. Both we and the OMP Consultant have requested written documentation of these concerns. Furthermore, we asked for a reconciliation of the assignments with observations made in 2002 by ISP consultants Paul Allyn (Justice Systems Corporation) and Tony Weiss (Lerch, Bates & Associates), which raised questions about the need for escorts at all times during construction, especially in areas not currently housing inmates.

We have yet to receive complete answers to our requests. We recommend independent testing and evaluation of the escort policies, a confirmation of contractor requirements and terms, and compliance with requirements (e.g., schedule and costs) established by the county. This oversight is intended to monitor ISP progress and suggest operational options as appropriate. However, this process should not inhibit or delay the progress and schedule of the ISP.

RJC Correctional Officer Staffing

Since the first jail study in 2003 and throughout the OMP study process, the auditor's office has raised concerns about the efficiency of current staffing levels when units at the RJC are double celled. While some of the earlier review efforts of the OMP study focused on relief officer staffing, the OMP consultant recently reported that the relief officers provide a variety of

activities. This was information that was not previously conveyed by DAJD. As a result, the OMP analysis of the RJC staffing issues did not advance as far as it might have, had the information been available earlier. The OMP consultant suggested that DAJD develop a written staffing plan for RJC, both during single and double celling of units.

The reason why this issue is germane to the ISP is that RJC staffing policies affect the costs of housing inmates transferred to RJC during the ISP. The OMP consultant has listed the various functions performed by relief officers at the RJC, but has not calculated the amount of time these functions require. Unless we know how much time is actually involved in the activities performed by the relief officers stated by the consultant, we cannot assess whether the additional staff time, no matter how much is available, is effectively utilized. Thus we believe further analysis is justified.

We also believe that review of this matter, because of its complexity, could take a considerable amount of time and effort. Therefore, unlike the testing of the ISP escort issue, such a review might not fit with the current schedule for the ISP. We therefore recommend that the overall staffing of the RJC continue to be reviewed through an independent testing and evaluation process.

Post-OMP Implementation Issues

Some OMP options which will be presented this month include changes which can be accomplished independent of the ISP. One example is the possible increase in the capacity of the KCCF, which would require a modification of the *Hammer* agreement.

Other options are dependent on completion of the ISP. As an example, the OMP consultants have raised the possibility of adding more cameras in KCCF for the observation of movement and for surveillance. The added capacity could affect staffing on individual floors (e.g., eliminating floor controls on some shifts) as well as staffing in the new Central Control Room. While the design of the ISP is flexible enough to accommodate such enhancements, there is no process in place to test and evaluate independently various operational scenarios.

Recommendation

Because the outstanding issues associated with the ISP are not likely to be resolved quickly, we recommend the following process to monitor the ISP and adjust practices, depending on the outcome of evaluations. This oversight should not delay the overall progress and schedule of the ISP.

We propose that the county retain an independent consultant to coordinate the objective testing and evaluation of the escort issue during ISP. Furthermore, because there are going to be several other issues in the form of operational options coming from the OMP report, many of these alternatives will need to be tested and evaluated independently as well. Both DAJD and the OMP consultant support the concept of independent testing.

A consultant could have a twofold mission: (1) test and evaluate the ISP escort issue, and (2) develop a plan and criteria for testing and evaluating the RJC staffing issues and the options that the OMP consultant will identify as warranting such testing and evaluation. We believe the testing of the ISP escort policy could set a precedent for the future testing of operational changes that are more significant in terms of potential fiscal impacts.

The testing of the ISP escort policy should take place during the ISP and should not delay the project's current schedule. The process for bringing on a consultant, however, should be

expedited so that they can be prepared to carry out the evaluation in conjunction with the current schedule.

The timing of further review of RJC staffing will have to be determined as part of the development of an evaluation plan by the consultant.

The auditor's office is prepared to assist in the selection of an independent consultant and provide oversight and technical assistance to the testing and evaluation processes.